

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: USA Commercial Mortgage Company

Case No. 06-10725-LBR

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 05/31/12PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
 Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of April 13, 2006
2. Asset and Liability Structure	<u>\$92,462</u>	<u>\$95,029</u>	
a. Current Assets	<u>\$92,462</u>	<u>\$95,029</u>	<u>\$122,468,825</u>
b. Total Assets	<u>\$4,726</u>	<u>\$3,143</u>	
c. Current Liabilities	<u>\$4,726</u>	<u>\$3,143</u>	<u>\$61,634,630</u>
d. Total Liabilities			Cumulative <u>(Case to Date)</u>
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>\$40,576,057</u>
a. Total Receipts	<u>\$0</u>	<u>\$0</u>	
b. Total Disbursements	<u>\$2,567</u>	<u>\$1,939</u>	<u>\$41,059,827</u>
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	<u>(\$2,567)</u>	<u>(\$1,939)</u>	<u>(\$483,770)</u>
d. Cash Balance Beginning of Month	<u>\$95,029</u>	<u>\$96,968</u>	<u>\$576,231</u>
e. Cash Balance End of Month (c + d)	<u>\$92,462</u>	<u>\$95,029</u>	<u>\$92,462</u>
			Cumulative <u>(Case to Date)</u>
4. Profit/(Loss) from the Statement of Operations	<u>Current Month</u>	<u>Prior Month</u>	<u>(\$38,920,157)</u>
5. Account Receivables (Pre and Post Petition)	<u>\$0</u>	<u>\$0</u>	
6. Post-Petition Liabilities	<u>\$4,726</u>	<u>\$3,143</u>	
7. Past Due Post-Petition Account Payables (over 30 days)	<u>\$0</u>	<u>\$0</u>	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u>X</u> | |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u>X</u> | |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | <u>X</u> | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | <u>X</u> | |
| 12. Is the estate insured for replacement cost of assets and for general liability? | <u>X</u> | |
| 13. Are a plan and disclosure statement on file? | <u>X</u> | |
| 14. Was there any post-petition borrowing during this reporting period? | <u>X</u> | |
| 15. Check if paid: Post-petition taxes <u>X</u> ; U.S. Trustee Quarterly Fees <u>X</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>X</u> .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.) | | |

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/29/12


Responsible Individual

STATEMENT OF OPERATIONS
(General Business Case)
For the Month Ended 05/31/12

Current Month			Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance		
\$0	\$0	\$0	\$21,102,796	
\$0	\$0	\$0	\$21,102,796	\$0
\$0	\$0	\$0	\$21,102,796	\$0
\$0	\$0	\$0	\$21,102,796	\$0
\$0	\$0	\$0	\$369,663	
\$0	\$0	\$0	\$8,044	
\$0	\$0	\$0	\$334,467	
\$0	\$0	\$0	\$1,609,428	
\$0	\$0	\$0	\$23,424,398	\$0
Revenues:				
1 Gross Sales				
2 less: Sales Returns & Allowances				
3 Net Sales				
4 less: Cost of Goods Sold		(Schedule 'B')		
5 Gross Profit				
6 Interest				
7 Other Income:				
8 Intercompany allocations				
9 Gain on Sale of Assets				
10 Total Revenues				
Expenses:				
11 Compensation to Owner(s)/Officer(s)				
12 Salaries			\$1,774,342	
13 Commissions			\$140,833	
14 Contract Labor				
Rent/Lease:				
15 Personal Property			\$8,861	
16 Real Property			\$543,557	
17 Insurance			\$71,737	
18 Management Fees				
19 Depreciation			\$176,590	
Taxes:				
20 Employer Payroll Taxes			\$98,105	
21 Real Property Taxes			\$59,452	
22 Other Taxes			\$51,187	
23 Other Selling				
24 Other Administrative			\$1,131,063	
25 Interest			\$4,556	
26 Other Expenses:				
27 Loss on Transfer to Trustee			\$37,804,902	
28				
29				
30				
31				
32				
33				
34				
\$3,894	\$0	(\$3,894)	35 Total Expenses	\$41,865,185
(\$3,894)	\$0	(\$3,894)	36 Subtotal	(\$18,440,787)
Reorganization Items:				
37 Professional Fees			(\$20,397,676)	
38 Provisions for Rejected Executory Contracts				
39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case				
40 Gain or (Loss) from Sale of Equipment				
41 U.S. Trustee Quarterly Fees			(\$81,694)	
42				
(\$256)	\$0	\$256	43 Total Reorganization Items	(\$20,479,370)
(\$4,150)	\$0	\$0	44 Net Profit (Loss) Before Federal & State Taxes	(\$38,920,157)
			45 Federal & State Income Taxes	
(\$4,150)	\$0	\$0	46 Net Profit (Loss)	(\$38,920,157)

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/12

Assets

		<u>From Schedules</u>	<u>Market Value¹</u>
Current Assets			
1 Cash and cash equivalents - unrestricted			<u>\$92,462</u>
2 Cash and cash equivalents - restricted			
3 Accounts receivable (net)	A		
4 Inventory	B		
5 Prepaid expenses			
6 Professional retainers			
7 Other: _____			
8			
9 Total Current Assets			<u>\$92,462</u>
Property and Equipment (Market Value)			
10 Real property	C		
11 Machinery and equipment	D		
12 Furniture and fixtures	D		
13 Office equipment	D		
14 Leasehold improvements	D		
15 Vehicles	D		
16 Other: _____	D		
17	D		
18	D		
19	D		
20	D		
21 Total Property and Equipment			<u>\$0</u>
Other Assets			
22 Loans to shareholders			
23 Loans to affiliates			
24			
25			
26			
27			
28 Total Other Assets			<u>\$0</u>
29 Total Assets			<u>\$92,462</u>

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity
(General Business Case)**

Liabilities From Schedules**Post-Petition****Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A \$4,726
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other:	
42		
43		
44	Total Current Liabilities	\$4,726

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities	\$4,726
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Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F
48	Priority unsecured claims ¹	F
49	General unsecured claims ¹	F
50	Total Pre-Petition Liabilities	\$0
51	Total Liabilities	\$4,726

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing	\$38,932,893
53	Capital Stock	\$75,000
54	Additional paid-in capital	
55	Cumulative profit/(loss) since filing of case	
56	Post-petition contributions/(distributions) or (draws)	
57		
58	Market value adjustment	
59	Total Equity (Deficit)	\$87,736
60	Total Liabilities and Equity (Deficit)	\$92,462

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings

0 -30 Days
 31-60 Days
 61-90 Days
 91+ Days
 Total accounts receivable/payable
 Allowance for doubtful accounts
 Accounts receivable (net)

<u>Accounts Receivable [Pre and Post Petition]</u>	<u>Accounts Payable [Post Petition]</u>	<u>Past Due Post Petition Debt</u>
\$4,726	\$0	\$0
\$0	\$0	\$0
\$0	<u>\$4,726</u>	
<u>\$0</u>		

Schedule B
Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)

	<u>Inventory(ies) Balance at End of Month</u>
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly	_____
Monthly	_____
Quarterly	_____
Semi-annually	_____
Annually	_____
Date of last physical inventory was	_____
Date of next physical inventory is	_____

Cost of Goods Sold

Inventory Beginning of Month	_____
Add -	
Net purchase	_____
Direct labor	_____
Manufacturing overhead	_____
Freight in	_____
Other:	_____

Less -	
Inventory End of Month	_____
Shrinkage	_____
Personal Use	_____
Cost of Goods Sold	\$0

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost	_____
LIFO cost	_____
Lower of cost or market	_____
Retail method	_____
Other	_____
Explain	_____

**Schedule C
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	Total
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

**Schedule F
Pre-Petition Liabilities**

<u>List Total Claims For Each Classification -</u>	<u>Claimed¹ Amount</u>	<u>Allowed² Amount (b)</u>
Secured claims (a)	_____	_____
Priority claims other than taxes	_____	_____
Priority tax claims	_____	_____
General unsecured claims	_____	_____

- (a) List total amount of claims even it under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	Bank of America				
Account Type	Analyzed Checking				
Account No.	██████████2383				
Account Purpose	General				
Balance, End of Month	\$92,462				
Total Funds on Hand for all Accounts	\$92,462				

Attach copies of the month end bankstatement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
 - 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/12**

	Actual Current Month	Cumulative (Case to Date)
Cash Receipts		
1 Rent/Leases Collected		
2 Cash Received from Sales		\$7,861,555
3 Interest Received		\$559,259
4 Borrowings		
5 Funds from Shareholders, Partners, or Other Insiders		
6 Capital Contributions		\$5,000
7 Management Fees from USA Capital Realty Advisors, LLC		\$1,564,093
8 Tax, Security Deposit, and Other Refunds		\$8,929
9 Principal Received on Notes Receivable		\$82,832
10 Escrow Deposit/Sale Proceeds/Effective Date Transfer		\$30,494,389
11		\$0
12 Total Cash Receipts	\$0	\$40,576,057
Cash Disbursements		
13 Payments for Inventory		
14 Selling		\$2,619
15 Administrative	(\$211)	\$1,086,189
16 Capital Expenditures		
17 Principal Payments on Debt		\$150,645
18 Interest Paid		\$4,888
19 Rent/Lease:		
Personal Property		\$9,963
Real Property		\$569,426
20 Amount Paid to Owner(s)/Officer(s)		
21 Salaries		
22 Draws		
23 Commissions/Royalties		
24 Expense Reimbursements		
25 Other		
26 Salaries/Commissions (less employee withholding)		\$1,740,393
27 Management Fees		
28 Taxes:		
Employee Withholding		\$213,091
Employer Payroll Taxes		\$94,063
Real Property Taxes		
Other Taxes		\$78,889
29 Other Cash Outflows:		
Professional Fees Paid in Connection with Chapter 11 Case	\$2,778	\$19,787,486
U.S. Trustee Quarterly Fees		\$81,442
30 Escrow Deposit/Interpleader Settlement/Transfer to Trustee		\$10,209,591
31 DTDF & PBGC Settlement		\$7,031,142
32		
33 Total Cash Disbursements:	\$2,567	\$41,059,827
34 Net Increase (Decrease) in Cash	(\$2,567)	(\$483,770)
35 Cash Balance, Beginning of Period	\$95,029	\$576,231
36 Cash Balance, End of Period	\$92,462	\$92,462

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 05/31/12

		<u>Actual</u>	<u>Cumulative</u>
		<u>Current Month</u>	<u>(Case to Date)</u>
	Cash Flows From Operating Activities		
1	Cash Received from Sales		\$7,861,555
2	Rent/Leases Collected		
3	Interest Received		\$559,259
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		\$2,619
6	Cash Paid for Administrative Expenses	(\$211)	\$1,086,189
	Cash Paid for Rents/Leases:		
7	Personal Property		\$9,963
8	Real Property		\$569,426
9	Cash Paid for Interest		\$4,888
10	Cash Paid for Net Payroll and Benefits		\$1,740,393
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		\$94,063
17	Employee Withholdings		\$213,091
18	Real Property Taxes		
19	Other Taxes		\$78,889
20	Cash Paid for General Expenses		
21	Management Fees from USA Capital Realty Advisors, LLC		(\$1,564,093)
22	Tax, Security Deposit, and Other Refunds		(\$8,929)
23	Principal Received on Notes Receivable		(\$82,832)
24			\$0
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$211	\$6,277,147
	Cash Flows From Reorganization Items		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		\$19,787,486
30	U.S. Trustee Quarterly Fees		\$81,442
31	Escrow Deposit & Settlement/Sale Proceeds/Effective Date Transfer/Settlements		(\$13,253,656)
32	Net Cash Provided (Used) by Reorganization Items	(\$2,778)	(\$6,615,272)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$2,567)	(\$338,125)
	Cash Flows From Investing Activities		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
	Cash Flows From Financing Activities		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		\$5,000
40	Capital Contributions		
41	Principal Payments		\$150,645
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	(\$145,645)
44	Net Increase (Decrease) in Cash and Cash Equivalents	(\$2,567)	(\$483,770)
45	Cash and Cash Equivalents at Beginning of Month	\$95,029	\$576,231
46	Cash and Cash Equivalents at End of Month	\$92,462	\$92,462

USA Commercial Mortgage Company
Question 9 - Payments to Professionals
May 1, 2012 - May 31, 2012

	Total Paid During Month
Schwartz & McPherson	\$ 2,778.36
Total Fees & Expenses	<u>\$ 2,778.36</u>